

**WORK SESSION
OF THE BRIGHAM CITY COUNCIL
MAY 28, 2009
7:40 A.M.**

PRESENT:	Lou Ann Christensen	Mayor
	Bruce Christensen	Councilmember
	Scott Ericson	Councilmember
	Reese Jensen	Councilmember
	Ruth Jensen	Councilmember
	Bob Marabella	Councilmember
ALSO PRESENT:	Rick Bosworth	Human Resource Coordinator
	Ben Boyce	Director of Parks and Recreation
	Jim Buchanan	EMS Director
	Mary Kate Christensen	City Recorder
	Blake Fønnesbeck	Public Work Director
	Nancy Green	Senior Center Director
	Jared Johnson	Community Development Director
	Paul Larsen	City Planner
	Bruce Leonard	City Administrator
	Tyler Pugsley	Public Works Assistant Director
	Jason Roberts	Finance Director
	Paul Tittensor	Chief of Police
	Alan Wright	Director of Public Power

Automatic Meter Readers (AMRs)

Mr. Roberts, Mr. Wright and Mr. Pugsley came to the table. Mr. Roberts explained that he has been looking into the City's utility billing process. As part of that they also looked at the meter reading process. They pulled a sample of approximately 30 meters that were installed in the 1988-89 time frame. Over half the City had this type of meter. They ran water flows through these 30 meters, a low flow, a medium flow and a high flow. The samples showed that approximately 26% of the resident water flowed through the meters was not being measured. Three of the 30 meters showed low flow going through. Low flow would be 1/4 of a gallon per minute for ten gallons of water. This would be equivalent to flushing the toilet. The medium and high flow tested better but were still not measuring 100% of the water flowing through. They applied these percentages to the American Water Works Association weighted average for each of the flows. This equated to a weighted average of 73.88% of the water being measured in these 30 meters.

They also looked the meter reading processes and efficiency. It currently takes 5-10 calendar days to manually read all of the water meters in the City, depending on the timing of weekends and holidays. This causes increases in accounts receivable balances and charge offs due to the extension of credit to customers. It also causes cash flow to the City to be delayed.

The City currently uses one full time and two part time employees and three vehicles to manually read meters and perform meter maintenance for customers. They estimated that if the City had AMRs it eliminate the need for the two part time employees and two vehicles.

Water meters are currently not read when snow is on the ground and the customer is assessed a minimum month charge. If the customer has been using more than the minimum monthly amount in the winter they get a large bill in the spring. If the customer uses large volumes of water in the first month of spring and has used small volumes in the winter their spring bill may be understated. It can take up to 37 days. With AMRs it could be lowered to 28 days.

There are currently four billing cycles per month. Mr. Roberts proposed that the City change from four billing cycles to one. It can take anywhere from 13 and 21.5 days for an average utility bill to be sent to a customer after the meters have been read. This leads to higher accounts receivable balances and charge offs due to the extension of credit to customers. It also causes cash flow to the City to be delayed. If this is improved, Cycle 1 would be moved back five days which would cause them to receive two billings in one month. Cycle 1 goes out 12th of the month. Proposed, move it back five days, which would cause them to have two bills in one month; however, they would have five less days on the second bill. This would cut 14.5 days off their

meter reading and billing process. They would not be paying more for what they use, they will just pay it quicker. They would be paying for 14.5 more days in one year.

Councilmember Marabella asked if there is only one billing cycle if the front counter would be overwhelmed with people coming in to pay their bill. Colleen Phillips, Billing Clerk, said it is very possible. There are only two counters to help people. Even though citizens can pay their bill online or mail them, a lot of people still bring the bill into City Hall. Councilmember Ericson said having AMRs does not necessarily require one due date. It just makes it easier to get the information in a timely manner. Mr. Roberts agreed that it is possible to keep all four cycles and do AMRs and still get efficiencies.

Councilmember Christensen suggested moving the cycles gradually so users don't get two bills in a month. That could be a real hardship for some people. Ms. Phillips said this could be done. She would have to get with the software provider and the meter reader to work out the details.

Mr. Pugsley said there are several features on the new meters that help detect different things on a customer's side. They not only show the gallons that flow across the meter but also indicates whether there is a constant flow of water. This is a sign that there could be a water leak and the customer can be notified. The meters can also collect data, such as flow rates.

Councilmember Marabella asked if one of the City's goals is to generate more money for the Water Department, or is it to reduce the water bill to users because it will bring it 25% more revenue.

Mr. Roberts estimated to purchase the water meters and AMR hardware would be one million dollars. Installation was estimated at \$162,000. Additional electric meters to complete the City would be approximately \$25,000. If the billing cycle was shortened to seven calendar days, he estimated a labor savings of \$15,000 for the first year and \$30,000 thereafter. Automobile savings would be approximately \$10,000 per year. He estimated water sales revenue would increase \$137,000 the first year and \$275,000 per year after that. This leaves approximately \$600,000 needed to pay for the project. However, the up-front costs would be \$1.35 million.

Mr. Roberts felt that there are sufficient cash reserves to use this and fund increases in the Water Department for the next two years. Another option is to take out a bond. This would require \$30,000 for closing costs and there would be interest. He felt the bond could probably be paid of in less than two years with the increased revenue.

Councilmember Marabella said efficiencies are removed and take away the potential increase in revenue, it would take 40 years to pay this off. It is only a \$40,000 per year savings on a \$1.2 million project. It is hard to justify if it is just a savings in labor and vehicle. Councilmember Christensen said there would be a one-time revenue of approximately \$1 million because the City currently bills one month behind. Mr. Roberts said he figured on average customers are 18 days behind.

If the Council approves this they would put out an advertisement for bid. Installation could begin during the summer of 2009 with billing cycle consolidation beginning April 2010. The change would be communicated to customers through a billing insert, a newspaper article, the City newsletter and the City website.

Councilmember Ericson felt that more research needs to be done based on Councilmember Marabella's comment about mitigating the rates. Some customers' water rates will increase by 25%. This isn't something to increase revenue for the City so he felt it needs to be mitigated in some way. Mr. Roberts said the City has underfunded maintenance of the meters by at least \$35,000. He recommended keeping at least that much to pay for meter reinstallation in the future. He expressed concern with paying for the project if all the revenue is passed onto the customers. Mr. Fannesbeck added that this will be difficult to do because one customer's meter might be reading only 70% and someone else's might be reading 100%. It would not be right to give back revenue to the customer whose meter was reading 100%. Councilmember Christensen said the rates would be lowered for everyone.

Mr. Roberts will figure whether half of the revenue could be passed onto the customer and still make a bond payment. He will also look at changing the cycles gradually and having at least two cycles so all the customers don't pay their bill at the same time.

Facilities

Mr. Leonard explained that the committee met to go over the assignments the Council gave to them at the last meeting. They divided the committee into three groups: Branding and Marketing Group; Architecture and Design Group; Financing Group. The individual groups did the research as requested and presented them to the Council.

Branding and Marketing Group

This group consisted of Councilmember Marabella, Jim Buchanan and Paul Larsen. Mr. Larsen reported that the Group came up with five names for the project and the one that was the choice of the Group was City Center Plaza.

As part of their marketing plan, the Group plans to use display boards at various locations such as City Hall, County Building, Library, EMS Building, etc. They will also give presentations to various civic groups. He said one of the concerns is that there is really not a lot of awareness of what the space needs are. Therefore an effective open house would be to let people take tours of City Hall and see what Chief Tittensor is using for an interview, how documents are stored, the needs at the Museum and Senior Center, etc. They also plan to have booths at the Heritage Arts Festival and Peach Days. They will put information on the City's website showing the status of the project, updates in the City newsletter, newspapers and utility billings.

In the information they provide they plan to have pictures and text on showing what makes the City feel there is additional space needed, the cost to bring it up to ADA and a master plan of how it is going to be financed. They will also provide a production plan including a time line. They will also explain why now is such a good time to build and what a similar facility will cost in 5-10 years from now.

Architecture and Design Group

The Architecture and Design Group consisted of Jared Johnson, Paul Tittensor, Councilmember Ericson, Alan Wright and Paul Larsen. Parking was one of their main issues.

Mr. Johnson explained that the Group did not really focus on architecture because it is too early in the project to do that. They focused more on things like utilities. There is an overhead power line that goes through the center of the block that will be in the way when construction begins. They worked on this as a Group and Mr. Wright designed a method on how the utility lines could be moved to the east side of the block and run south. This can be accomplished while keeping all existing businesses in service.

They also worked on parking. City Hall currently has 103 stalls. In the proposed plan there are two divided parking lots with 120-130 parking stalls. They figured the square footage of the buildings in the plan and the MHTN study and estimated there is a need for a total of 200 parking stalls. This is a challenge but Mr. Johnson felt it can be solved. The current ordinance allows parking in the Historical Downtown within 300 feet, so they are working on that. There is also the option of doing a parking study which will give a better count. He explained that although there will be a new facility, there will not be an increase in staff. There will also be offsetting times for parking. For example, the Museum and Library get more patrons in the evenings and weekends. They are continuing to look at all options.

Councilmember Ericson said the Group also looked at how to group departments together in the proposed new building to work more efficiently. The current design has Finance upstairs, Leisure Services downstairs. This would require citizens to go throughout the building for services and creates some inefficiencies. He talked to some of the employees about putting 3-4 employees on the main floor and cross train on each other's jobs. This would be a customer service desk that could take care of any public interface.

The Group also looked at having drive-through for payments, similar to a bank.

In the original design City Hall and the Police Department wing are a slab on grade building. The Group felt that there should be a basement, even if it is unfinished and used for storage.

The Group tried to get a better estimated of the cost. They asked Peter Moyes from MHTN to work on this. He is contacting several big construction companies and asking them for estimates.

Councilmember Marabella expressed concern with moving forward with an \$11 million building if there is not a solid parking plan that will serve the citizens for the next 25 years. There will be the Dance Academy, a Library and a common area and there has to be enough parking. Mr. Johnson explained that this is why he needs more of a design. The study already received from MHTN has smaller buildings than needed. In addition, it does not take into account the square footage of the current City Hall. There could be up to 108,000 square feet in the complex. Councilmember Marabella looked at just the opposite. He suggested looking at the available parking spots and then determine how big the building can be, then see if it will meet the needs. The square footage could be scaled down. Councilmember Reese Jensen did not want to compromise the City's facility needs because of parking. He felt it could be worked out. He added that this is a 30-year plan, so we are going to grow into the building. There will not be a need for as much parking when it is first used.

Councilmember Marabella was excused at 9:30 a.m.

Financing Group

Mr. Roberts explained the methodology the Financing Group used to determine whether the City can afford a new building. In the 2009-10 budget it was conservatively projected that City revenue tied to general economic conditions would come in lower than the 2008-09 projections. Two primary examples are sales tax and interest income. They assumed that economic conditions will not deteriorate further from these conservative 2009-10 budgeted amounts. They instructed all directors to tell them what they expect to be different in future budgets from the 2009-10 and future budgets. They found some one-time items in the current budget that will not need to be expended in future budgets. They were also able to project expenditures not in the current budget that they anticipated may need to be in future budgets. In order to be conservative, they anticipated funding 100% of the possible amount that UTOPIA may draw from the City. They included only capital projects that were considered more important than space needs.

The second area where the Group thought funds could be found is the Fund Balance. Due to sound financial management by City administrators and elected officials, this balance is projected to be close to the 18% of General Fund revenue limit allowed by State law at the end of the 2008-09 budget year. This means that funding normally used to increase the General Fund balance could be used for other purposes in the next fiscal year's budget. The majority of future increases in the General Fund balance will need to be spent in the subsequent year or earmarked for future capital improvement.

They also looked at process changes that can be done. City employees are continuously looking for more cost effective ways to operate. One example is the AMRs discussed earlier. Another example is the purchasing card option that will be brought to the Council in the near future.

Councilmember Ericson added that during the AMR discussion the Council discussed whether to pass this savings onto the citizens. He explained that this is almost half of the conservative budget and if it is given back, it is almost \$300,000 that could be used for a lease payment. Mr. Roberts said it definitely affects the City's ability to make a lease payment.

Councilmember Ericson said when they met with the developer on their quotes, one of the developers discussed a lease vs. a bond. For a \$9.2 million building a 30-year bond would be \$28,100,000 and a lease would be \$26,500,000. It would cost more to bond for a building than lease.

The Committee was instructed to meet with Mr. Moyes from MHTN and find out how much of a solid design needs to be completed before the bidding process can start and to come up with a marketing plan. This will be discussed further at the June 4th Council meeting.

The meeting adjourned at 9:57 a.m.